THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: April 15, 2014 REPORT NO: 14-036

ATTENTION: Council President Todd Gloria and Members of the City Council

SUBJECT: Emergency Medical Services (EMS) Agreement – Second Amendment for One (1) Year Extension with Rural/Metro

REQUESTED ACTION:

Authorize the Mayor to execute the Second Amendment to the EMS Agreement with Rural/Metro for the provision of emergency medical and medical transportation services for the term of one (1) year commencing on July 1, 2014 (with no further options to extend beyond this year).

STAFF RECOMMENDATION: Approve Requested Action.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

The City of San Diego's Emergency Medical Services (EMS) agreement with Rural/Metro is set to expire on June 30, 2014. An additional one year extension option is provided in the contract which, if approved, would expire on June 30, 2015.

The last EMS Request for Proposals (RFP) that was issued in 2009 had issues related to the public-private/partnership of San Diego Medical Services (SMDSE) which compel the City to conduct a new RFP process as soon as possible. In 2011, a two-year interim sole source agreement was put in place to continue ambulance services while a new competitive process could be completed. An RFP for an EMS provider was prepared by City staff and an outside EMS consultant, the Abaris Group, and was approved by the County and State regulatory agencies in October of 2012. Since the current EMS system has not been comprehensively updated in over 17 years, this EMS RFP document sought to address EMS system updates as well as enhancements.

However, this RFP was never released due to various legal and EMS system debates within the City over the last year which delayed the RFP process from continuing. These included such questions as whether the City should in-source the services via the San Diego Fire-Rescue Department, whether in-sourcing would require a competitive process, and changes in State legislation which caused the City to spend some additional time evaluating whether or not to take on responsibility for the patient billing component.

In October of 2013, Interim Mayor Todd Gloria issued a decision to release the RFP after determining that the legal issues and logistics surrounding in-sourcing would require much more time to work through and it was best for the City to move forward with the RFP process and the document that was already written rather than begin the process anew. Though the Fire-Rescue Department is precluded from bidding under this RFP, there is a possibility Fire-Rescue may participate in a future bid process if it is determined to be in the best interest of the City. However, the 2012 EMS RFP document was developed with significant Fire Department input and requires cooperation between the future ambulance contractor and Fire-Rescue First Responders.

Since the 2012 EMS RFP document was on hold for over a year, it did require some minor updates as well as a few revisions and a new review by County and State regulatory authorities. The document is now undergoing review at the State level and we expect their feedback or approval in a few weeks. Once approved, the RFP and transition process will take approximately 11 months from the time of release. The City plans to release the EMS RFP in May and cannot complete that process and transition to a new system design before the current EMS contract expires on June 30, 2014. Therefore, staff is requesting to exercise the option for the additional one-year extension. The County of San Diego Emergency Medical Services Agency previously approved that the City could extend through this period if needed (Attachment 1). In addition, the City's Purchasing and Contracting Department issued a sole-source procurement authorization with Rural/Metro which extends through June 30, 2015 (Attachment 2).

The City and Rural/Metro have agreed to terms for a Second Amendment for the term of one (1) year commencing on July 1, 2014 and expiring on June 30, 2015 with no further option to extend. The extension seeks to enhance service levels and control user fees, while at the same time eliminating the automatic exemption for Unusual System Overload. In addition, this final year of the interim sole source agreement with Rural/Metro seeks to finalize a few outstanding items from the dissolution of SDMSE.

Tentative agreements and major points for a one-year contract extension include:

1. **Elimination of the Unusual System Overload (USO) provision**

Part of this extension amendment includes eliminating the automatic exemption for Unusual System Overload. This is the provision that exempts ambulance response time compliance when there are 12 or more ambulances simultaneously assigned to 911/EMS responses. The 2011 EMS Performance Audit found that roughly 38% of medical aid responses fell in to this category (and a subset of those were flagged as potentially exceeding the response time standard). The threshold of "12 or more" was developed over 17 years ago when the City's EMS system had 24 ambulances at peak staffing and related to over half of those being busy (aka "System Busy exemption"). The City has outgrown this definition both as a result of development along the north I-15 corridor and as a result of advanced technologically (computer programs that exist today which can better trend 911/EMS demand and help develop ambulance deployment plans). The City's EMS system has grown along with the City and now utilizes 36 ambulances at peak

staffing. But due to delays of the RFP process, the outdated automatic exemption was carried forward in contract extensions and budgeting).
The City and Rural/Metro performed a thorough review of the calls that fell into the USO Exemption Request bucket for the first seven months of the current fiscal year (July 2013 through January 2014). It was determined that even if this automatic exemption were removed for this timeframe, Level 1 calls (life-threatening emergency) ambulance response times would have been in compliance with the contract standard of 12 minutes or less 90% of the time, Citywide and in 3 out of the 4 Medical Response Zones (with performance above 90%). However, in Zone 1 (South Bay) would have been non-compliant in the second quarter (89.39%) and for the month of January 2014 (88.02%).

Zone 1 presents unique challenges due to being an "island" cutoff from the rest of the City, requiring a long driving distance for ambulances to take patients to Mercy or UCSD trauma centers, as well as the high volume of responses to the International Border Crossing at San Ysidro. These reasons make it harder to logistically move units to this zone when the EMS system gets busy. As a result of this analysis and in order to help improve response times for this area, Rural/Metro will update its deployment plan to provide for an additional 12-hour ambulance dedicated to Zone 1 to mitigate the hours of peak demand. The cost of this added unit for the period of May 2014 through June 2015 is $313,788. Rural/Metro will absorb $203,326 from savings resulting from the SDMSE dissolution clean up and the City has agreed to fund the remaining $110,462 by foregoing part of its FY 2015 CPI increase.

Rural/Metro will add the additional 12-hour unit beginning May 1 and the USO will continue to apply through the end of the First Amendment on June 30, 2014. Effective July 1, 2014, the USO will be eliminated and a new method of compliance reporting will begin. The City and Rural/Metro will review response time data, call volume data and unit hour staffing reports for Zone 1 for the period of May, June and July to determine if the added 12-hour unit is sufficient to achieve ambulance response time compliance of 90% in Zone 1. If the 90% is not met over this monitoring period, Rural/Metro may request up to $83,319 from the City's FY 2015 CPI increase to offset the cost of adding additional units necessary to ensure Zone 1 compliance.

2. Modifications of Compliance Reporting and Penalty Structure

The compliance and penalty structure will remain unchanged for Level 1. The City's EMS system has two additional medical priority dispatch levels: Level 3 (urgent, non-life threatening) with a response time standard of 15 minutes or less 90% of the time, and, Level 4 (non-emergency 911 call) with a response time standard of 30 minutes or less 90% of the time. In order to eliminate the USO for the lower acuity Level 3 and Level 4 responses, the compliance reports will be modified for the term of this one year extension. Each level will retain the original response time standard, but rather than report on these two non life threatening levels separately, a new column will be added to the compliance report which will show a statistic for the combined compliance of all Priority Levels (1, 3 and 4) by Citywide only and USO will also be eliminated. The penalty structure that will apply to this new combined category will be what formerly applied to Level 3 (page 21, Section D.2.c of the 2009 EMS RFP).

The go forward EMS RFP seeks to establish new medical response zones and a penalty structure that better reflects the changes and growth of the City and the EMS system over the last decade. However, until such time as we can move to the new EMS RFP, the these changes allows us to reasonably and fairly eliminate USO without a major overhaul of the EMS system under a short-term contract extension period.

3. SDMSE Dissolution Clean-up

Under the SDMSE partnership, responsibilities for certain positions and equipment were borne by Rural/Metro. Since the City has moved to a traditional City-contractor relationship and with an upcoming bid process, some of these responsibilities should rightfully transfer back to the City. These include maintaining the City's Computer Aided Dispatch (CAD) system and some IT support at Fire Communications Center (FCC). Transferring these duties to Fire Communications Center personnel will ensure self reliance and greater control. This will save Rural/Metro the cost of 1.00 FTE. In addition, a half time (.50 FTE) training coordinator position provided by Rural/Metro for San Diego Project HeartBeat will transfer to the City, since this is a City program, and this position will also support the Fire Department EMS Division. In addition, the parties agree to transfer seven (7) vehicles and thirteen (13) cell phones formerly provided by SDMSE (and now Rural/Metro) that are actually assigned to various Fire Department EMS Division staff providing daily oversight of the City's EMS system. This results in savings to Rural/Metro of approximately $203,326 through the end of the June 2015. These savings will be applied toward eliminating the Unusual System Overload provision.

4. Consumer Price Index (CPI) Formula Increase of 1.875%

Effective July 1, 2014 the CPI increase will be applied equally to the annual EMS Operational Fee which Rural/Metro pays the City, bringing the fee up from the FY 2014 base of $10,335,000 to the FY 2015 base of $10,528,781 (before various reimbursements to Rural/Metro are applied), and to the Average Patient Charge (APC) Rural/Metro can charge patients from $1,820 to $1,854 (an increase of $34 per bill).

5. City Single Role Replacements by Rural/Metro

The parties agreed to continue field personnel staffing commitments at the same level for the duration of the agreement. Since the City's Single-Role Paramedic is a terminal job class, the City cannot replace these positions when attrition occurs. Consequently, the City will apply a FY 2014 reimbursement credit of $360,370 to the annual City EMS Operational Fee for Rural/Metro's costs to replace five (5) City Single-Role paramedics who are no longer working on ambulances.

6. Implementation of Electronic Patient Care Record System (ePCR) – Status Update from the First Amendment

An ePCR system was procured to replace a system that was at end of life. Per the terms of the First Amendment executed on July 1, 2013, the City is responsible for $47,967.

7. **Ambulance fleet Mileage Cap**

Fleet shall not exceed 250,000 miles with certain exceptions for extraordinary events which are outside of Rural Metro's control.

Financial Summary: The table below shows the EMS Operational Fee impacts to the actual and to the FY 2015 Proposed Budget after the various adjustments and credits are applied:

FY 2014 EMS Operational Fee Base	$10,335,000
FY 2015 CPI Formula Adjustment of 1.875%	+ $193,781
FY 2015 City EMS Operational Fee (gross)	$10,528,781

City's Share of e-PCR	$47,967
FY 2014 Credit for Single Role Replacements	$360,370
City Commitment for 12-hr unit to be added May 1, 2014	$110,462
Total Credits Applied to Rural/Metro	$518,799

FY 2015 EMS Operational Fee (gross)	$10,528,781
Credits to Rural/Metro	- $518,799
FY 2015 EMS Operational Fee (net)	**$10,009,982**

Budget:

FY 2015 EMS Operational Fee (net)	$10,009,982
FY 2015 Proposed Budget	-$10,000,000
FY 2015 Estimated Over budget revenue	**$9,982**

ENVIRONMENTAL IMPACT:
This activity is not a "project" and therefore exempt from the CEQA pursuant to the State Guidelines Section 15060 (c)(3).

FISCAL CONSIDERATIONS: The FY 2015 EMS Operating Fee is anticipated to be $10,528,781. The application of $518,799 in credits listed in Sections 1, 5 and 6 to Rural/Metro (excluding $83,319 for the offset of adding additional units to ensure Zone 1 Compliance) will reduce the FY 2015 Operating Fee to $10,009,982. This revenue will be received in Fund 200227, Fire/EMS Transport Fund. A final cost reconciliation will occur at the termination of the contract and it is estimated the City will owe Rural/Metro $360,000 for the FY 2015 reimbursement credit associated with replacing City Single-Role Paramedics (to be budgeted and paid in FY 2016).

EQUAL OPPORTUNITY CONTRACTING INFORMATION (if applicable):
This is agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708 and Non-Discrimination in Contracting Ordination (San Diego Municipal Code Sections 22.3501 through 22.3417).

PREVIOUS COUNCIL and/or COMMITTEE ACTIONS: The First Amendment was approved by City Council on June 24, 2013.

COMMUNITY PARTICIPATION AND OUTREACH EFFORTS: N/A

KEY STAKEHOLDERS AND PROJECTED IMPACTS:
State of California, County of San Diego, citizens and visitors in the City of San Diego's Exclusive Operating Area for 911/EMS are key stakeholders.

Alyssa Ross, EMS
Program Manager

Javier Mainar
Fire Chief

Greg Bych
Risk Management Director

Scott Chadwick
Chief Operating Officer

Attachments(s): 1. Letter from County EMS approving extension period through June 2015
2. Sole Source Approval by Purchasing & Contracting Department